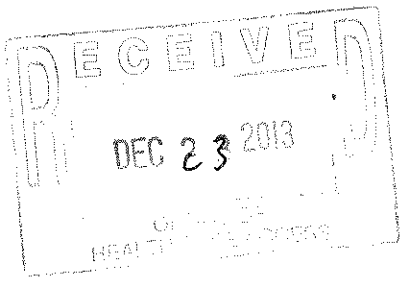
WESTERN CONNECTICUT HEALTH NETWORK
DANBURY HOSPITAL • NEW MILFORD HOSPITAL

24 Hospital Ave.
Danbury, CT 06810
203.739.4903

WesternConnecticutHealthNetwork.org
DanburyHospital.org
NewMilfordHospital.org

November 19, 2013



Mr. Steven W. Lazarus
Associate Health Care Analyst
Department of Public Health
Office of Health Care Access
410 Capitol Avenue: MS#13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Re: Danbury Hospital CON Submission via Email

Dear Mr. Lazarus,

On December 19, 2013 The Danbury Hospital submitted via email a CON request to consolidate its Diagnostic Sleep Services. Please find enclosed the original affidavit for that submission, along with a check for $500.

Please contact me if you have any questions regarding this submission at 203-739-4903.

Regards,

Sally F. Herlihy

Sally F. Herlihy, MBA, FACHE
Vice President, Planning

Application Checklist

Instructions:

1. **Please check each box below, as appropriate; and**
2. **The completed checklist *must* be submitted as the first page of the CON application.**

☒ **Attached is the CON application filing fee in the form of a certified, cashier or business check made out to the "Treasurer State of Connecticut" in the amount of $500.**

For OHCA Use Only:

Docket No.: 31879 **Check No.:** 839680
OHCA Verified by: KR **Date:** 12/23/13

☒ **Attached is evidence demonstrating that public notice has been published in a suitable newspaper that relates to the location of the proposal, 3 days in a row, at least 20 days prior to the submission of the CON application to OHCA. (*OHCA requests that the Applicant fax a courtesy copy to OHCA (860) 418-7053, at the time of the publication)***

☒ **Attached is a paginated hard copy of the CON application including a completed affidavit, signed and notarized by the appropriate individuals.**

☒ **Attached are completed Financial Attachments I and II.**

☐ **Submission includes one (1) original and four (4) hard copies with each set placed in 3-ring binders.**

N/A
Sent via email

Note: A CON application may be filed with OHCA electronically through email, if the total number of pages submitted is 50 pages or less. In this case, the CON Application must be emailed to the following email addresses: steven.lazarus@ct.gov and leslie.greer@ct.gov.

Important: For CON applications(less than 50 pages) filed electronically through email, the singed affidavit and the check in the amount of $500 must be delivered to OHCA in hardcopy.

☐ **The following have been submitted on a CD**

1. **A scanned copy of each submission in its entirety, including all attachments in Adobe (.pdf) format.**
2. **An electronic copy of the documents in MS Word and MS Excel as appropriate.**

N/A
Sent via email

CHECK FACE HAS A COLORED BACKGROUND ON WHITE PAPER

WESTERN CONNECTICUT HEALTH NETWORK

DANBURY HOSPITAL • NEW MILFORD HOSPITAL

Wachovia Bank of Delaware, NA
62-22/311

Check No. 839680

Check Date
12/12/2013

Accounts Payable Telephone: 203-739-7169

PAY *Five Hundred AND 00/100*

Check Amount
$ *******500.00

TO THE ORDER OF
TREASURER STATE OF CT
410 CAPITOL AVE
HARTFORD, CT 06134

12592

⑈00839680⑈ ⑆031100225⑆ 2029960001550⑈

RepublicanAmerican

389 Meadow Street • Waterbury, CT 06702 • 1-800-992-3232

Classified Advertising Proof

Account Number:
Order Number: RA0591544

MICHELLE JOHNSON
WESTERN CT HEALTH NETWORK
24 HOSPITAL AVENUE
DANBURY, CT 06810
203-739-4935

Title: Republican-American | **Class:** L-Legal -Public Notice 019
Start date: 9/18/2013 | **Stop date:** 9/20/2013 |
Insertions: 3

Title: Rep-Am.com | **Class:** L-Legal -Public Notice 019
Start date: 9/18/2013 | **Stop date:** 9/20/2013 |
Insertions: 3

LEGAL NOTICE
Pursuant to section 19a-638 of Connecticut General Statutes, Western Connecticut Health Network and The Danbury Hospital will submit the following Certificate of Need application to the CT Office of Health Care Access:
Applicants: The Danbury Hospital (DH)
Addresses: DH is located at 24 Hospital Avenue, Danbury, CT
Proposal: This project refers to a consolidation in sites of care for the provision of outpatient diagnostic sleep services provided by The Danbury Hospital ("DH"), a member of Western Connecticut Health Network, Inc. ("WCHN"). The program offered at the Southbury location will be closed, with services available 7 days per week in Danbury, CT or New Milford, CT.
Capital Expenditure: $0
RA 9/18, 19, 20/2013

Total Order Price: $201.84

Please call or send an email by 3pm to approve or to make changes.
(No call back will result in your ad running as it appears on this proof.)

Salesperson: Deborah | **Printed on:** 9/17/2013
Telephone: 203-574-3636 ext 1162 | **Fax:** 203-754-0644

23,704 & BR
owner will take
r rent w/option

203) 574-7777

Family Ranch,
itchen, alt. gar,
are finished),
porch, private
ad end. Bucks
Randall Place
Rd. Asking
03-757-9592.

OWNER 3 BR
wer & water,
rs, 1 car gar,
K 203-263-5623

Houses

WATERTOWN NEW PRICE RANCH-$245,000

3 BR CENTRAL AIR Immaculate, inviting and move-in condition. Lovely LR w/bay window opening to country kitchen fully appointed and abundance of birchwood cabinets, breakfast bar and oversized din. area w/bar window and chair rail overlooking 16x20 Trex deck. Other amenities: gleaming hardwood floors, spacious fam. rm. in bsmt. w/gas stove, separate laundry rm., walk-out to patio. Like new shed w/vinyl siding & new roof. 2 car garage, city utilities.

860-274-9661
567 Main St., Watertown
WESTBURY REALTY

Mobile home

NAUGATUCK 2 BR, 2 bath double wide, s/s appliances. $82,900-$6K in rebates = $76,900!! Liberty 860-747-6881, 860-940-1204

Mobile home

NAUGATUCK 2 mobile homes ready for sale consol. restored like new. Starting at $34,500. 203-729-6277; 1-800-801-8277

PROSPECT new 2013 2 BR 1 bath open floor plan, $49,500 Liberty 860-747-6881, 203-592-7641

Open house

OPEN HOUSE

SUNDAY, SEPT 22
1:00 - 4:00 PM
128 Caruso Drive
WATERTOWN

Move in for the Holiday Season! Brand New Fully Furnished Home!
2,400 +/- sq ft Colonial
3-4 BRs, 2½ Baths,
Country Granite Kitchen,
HW floors, Central Air,
Fireplaced Family Room,
2-Car Garage.
Water View! Lake Rights!
$449,900

Dir: Rte 63 Straits Turnpike to Bunker Hill Road, Right on Middlebury Road, Left on Lake Winnemaug Road, Right on Caruso Drive. Open House Signs Posted - - Hosted by: Gabrielle Rosen & Bob Rosen

Cahen Agency
860-482-5593
866-671-5535

Commercial

Business for sale
Commercial for sale, lease, rent

Commercial for sale, lease, rent

PROSPECT 200 sf office/retail, Crossroads Plaza, 50 Waterbury Rd. $850. 203-758-5180. www.agiprospect.com

WATERBURY A-1 profess. office space Schraffts Dr. 1600sf, ample prkg. 1 min. from I-84. 203-206-4851.

WATERBURY

For sale 8,000+sq ft on 1/2 acre, many contractor uses. $69,000 or best offer. Call 203-754-7864.

WATERBURY LEASE Outdoor ample space. Heavy Ind. Zone. Safe, secure, priv. 203-500-4802

WATERBURY lease/sale 3400sf. Many uses. Currently restaurant & bar. Turnkey 203-500-4802

Commercial for sale, lease, rent

WATERBURY office/retail on Rte 69. 1,450sq.ft. $1,310/mo. 1,230sq.ft. $950/mo. 203-758-5180. www.agiprospect.com

Watertown 2nd fl. single Office. 1107 Main. Heat, lights, AC incl. $350 rent. Pat 203-232-4938

WATERTOWN for lease, 2,000sf. office/warehouse. Off Rt 63. Call 203-510-5131

WATERTOWN Next to Burger King 900 sq. ft. (203) 729-8277; 1-800-801-8277

Announcements

Absolutely free
Lost & found
Special notices

Absolutely free

CATS Sophie & Oliver need home contact Donna 203-383-2479 donnamarie61166@yahoo.com

DOOR interior with knob 28" wide, 79½" height. Call 203-758-5723

KITTENS (2) females. Looking for a new home. Call in Winsted: (860) 379-1668

KITTENS FREE TO GOOD HOMES. Call 860-417-6148 leave message.

KITTENS HELP! need loving homes. Abandoned outside, various breeds, and kinds. Eves, 860-274-4233

REFRIGERATOR Whirlpool older model, good working order. 203-443-4404 before 7pm

Lost & found

LOST CAT

"Sox" he is deaf, trouble seeing, with special needs. He went missing by Todd rd. in Wolcott on Sept. 11.
Contact number 203-518-3002

Legals/ Public Notices

LEGAL NOTICE

Notice is hereby given that the Bantam Ct. Zoning Board of Appeals will hold a public hearing on October 3rd, 2013 at 8:00 P.M. at the Bantam Borough Hall, Bantam, CT. The Appeal on Zoning Board Application #512 for a Side Yard Variance for 2 stoops subject to Section 300 will be considered. The application is for 808 Bantam Road. Copies of the application are on file in the Clerk's Office of the Borough of Bantam.
Chairman Tom Gillman
Attest Pam Corning

Dated this 14th day of September 2013
R-A, Sept. 20 & 30, 2013

LEGAL NOTICE

Notice is hereby given that the Custodial Bid forms for custodial supplies is available for the 2013-2014 school year for Regional School District 15. The forms will be available on Monday, September 23, 2013, at the Board of Education Office, 286 Whittemore Road, Middlebury, CT 06762. The forms must be sent back to Keith McLiverty, Regional School District 15, P.O. Box 398, Middlebury, CT 06762 by Monday, September 30, 2013.
RA Sept. 22, 2013

LEGAL NOTICE

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Capital Expenditure: $0

Legals/ Public Notices

STATE OF CONNECTICUT
SUPERIOR COURT
JUDICIAL DISTRICT OF WATERBURY
AT WATERBURY
AUGUST 20, 2013
RETURN DATE: OCTOBER 8, 2013
THE BANK OF NEW YORK MELLON
FKA THE BANK OF NEW YORK, AS
TRUSTEE FOR THE
CERTIFICATEHOLDERS OF THE
CWABS INC., ASSET-BACKED
CERTIFICATES, SERIES 2005-16
V.
KOREN LISELLA, ET AL.

NOTICE TO KOREN LISELLA AND ALL UNKNOWN PERSONS, CLAIMING OR WHO MAY CLAIM, ANY RIGHTS, TITLE, INTEREST OR ESTATE IN OR LIEN ENCUMBRANCE UPON THE PROPERTY DESCRIBED IN THE COMPLAINT, ADVERSE TO THE PLAINTIFF, WHETHER SUCH CLAIM OR POSSIBLE CLAIM BE VESTED OR CONTINGENT.

The Plaintiff has named as a Defendant, KOREN LISELLA, and all unknown persons claiming or who may claim, any rights, title, interest or estate in or lien or encumbrance upon the property described in this Complaint, adverse to the Plaintiff, whether such claim or possible claim can be vested or contingent, if not living, as a party defendant(s) in the complaint which it is bringing to the above-named Court seeking a foreclosure of its mortgage upon premises known as 13 LYNDALE AVENUE, WATERBURY, CT 06705.

The Plaintiff has represented to the said Court, by means of an affidavit annexed to the Complaint, that, despite all reasonable efforts to ascertain such information, it has been unable to determine the identity and/or whereabouts of KOREN LISELLA, and all unknown persons, claiming or who may claim, any rights, title, interest or estate in or lien or encumbrance upon the property described in this Complaint, adverse to the Plaintiff, whether such claim or possible claim can be vested or contingent, if not living.

Now, Therefore, it is hereby ORDERED that notice of the institution of this action be given to KOREN LISELLA and all unknown persons, claiming or who may claim any rights, title, interest or estate in or lien

Legals/ Public Notices

Legal Notice
Litchfield Planning and Zoning Commission
Notice is hereby given that at the Planning and Zoning Commission meeting of September 16 the following applications were approved:
The Forman School - 54 Norfolk Rd. - Modification to Special Exception
Education institution to increase campus by adding 21.4 acres with one existing single family dwelling.
Bosson Optical - 29 West St. - Special Exception Business and Professional
Offices w/o hazardous materials for eye doctor offices.
Copeland - 342 Bantam Rd. - Addition to building and construction of wood shed.
A copy of the vote and said applications are on file in the Planning and Zoning Office (80 Doyle Road, Bantam, CT) and can be viewed during regular business hours
Susan W. Pitman Lowenthal, Chairman
RA 9/20/2013

Notice of Tentative Determination to Approve an Application for Dam Safety Permit and Intent to Waive Public Hearing
Applicant(s): Aquarion Water Company of Connecticut
Application No: DS-201301698
City/Town: Salisbury
Dam Name & DEEP ID No: Lakeville Reservoir Dam No.3, Inv.#12273

The Commissioner of the Department of Energy and Environmental Protection ("DEEP") hereby gives notice that a tentative determination has been reached to approve the following application submitted under Section 22a-403 of the Connecticut General Statutes for a permit to repair/modify an existing dam at Lakeville

As a service to our readers, the Republican-American presents

Open House Preview

- Check individual ads in our Sunday Homes & Real Estate Magazine for more specific information.
- Preview may not represent a complete listing of all area Open Houses by area Realtors

	ADDRESS	DAY & TIME	BROKER	PHONE
	23 BYRON	SUN. 12:00-2:00	COLDWELL BANKER OXFORD	203-888-1845
ALLS	14 OAKWOOD	SUN. 1:00-3:00	COLDWELL BANKER OXFORD	203-888-1845
ALLS	125 PONDVIEW CIRCLE	SUN. 1:00-3:00	COLDWELL BANKER OXFORD	203-888-1845
ALLS	POND VIEW DEVELOPMENT	SUN. 12:00-3:00	COLDWELL BANKER OXFORD	203-888-1845

AFFIDAVIT

Applicant: The Danbury Hospital

Project Title: Consolidation of Diagnostic Sleep Service, including Termination Of Southbury, CT Location

I, Steven H. Rosenberg, Senior Vice President and CFO, of Western Connecticut Health Network, Inc., being duly sworn, depose and state that The Danbury Hospital information submitted in this Certificate of Need Application is accurate and correct to the best of my knowledge.

Steven Rosenberg
Signature

12/12/13
Date

Subscribed and sworn to before me on December 12, 2013

Karen M. Early

Notary Public/Commissioner of Superior Court

My commission expires: 7.31.17

KAREN M EARLY
Notary Public
Connecticut
My Commission Expires July 31, 2017

State of Connecticut
Office of Health Care Access
Certificate of Need Application

Instructions: Please complete all sections of the Certificate of Need ("CON") application. If any section or question is not relevant to your project, a response of "Not Applicable" may be deemed an acceptable answer. If there is more than one applicant, identify the name and all contact information for each applicant. OHCA will assign a Docket Number to the CON application once the application is received by OHCA.

Docket Number:

Applicant:	The Danbury Hospital, a member of Western Connecticut Health Network, Inc.
Contact Person:	Sally F. Herlihy, FACHE
Contact Person's Title:	VP, Planning, WCHN
Contact Person's Address:	24 Hospital Avenue, Danbury, CT 06810
Contact Person's Phone Number:	203-739-4903
Contact Person's Fax Number:	203-739-1974
Contact Person's Email Address:	sally.herlihy@wchn.org
Project Town:	New Milford, CT
Project Name:	Consolidation of Diagnostic Sleep Service, including termination of Southbury, CT Location
Statute Reference:	Section 19a-638, C.G.S.
Estimated Total Capital Expenditure:	$0

1. Project Description: Service Termination

a. For each of the Applicant's programs, identify the location, population served, hours of operation, and whether the program is proposed for termination.

This project refers to a consolidation in sites of care for the provision of outpatient diagnostic sleep services provided by The Danbury Hospital ("DH"), a member of Western Connecticut Health Network, Inc. ("WCHN"). This DH service has been offered to residents in the service area at two locations: the Ethan Allen Hotel in Danbury, CT (formerly onsite at DH), and at the DH Sleep Disorder Center located at the Heritage Hotel in Southbury, CT.

Location	Description	Hours of Operation
Ethan Allen Hotel, Danbury CT	4 beds, 7 days/week Home studies, day studies and night studies	Day: 7 AM – 5 PM Evening: 7 PM – 7 AM
Heritage Hotel, Southbury, CT	2 beds, 3 days/week Night studies	Evening: 7 PM – 7 AM

With these two DH sites, the outpatient program at Ethan Allen accounts for 92.9% of total volume, and the Southbury location represents 7.1% of the total volume.

Over the past three years, there has been a cumulative decline of 40.7% in the use of this DH service because of new technology for diagnosing sleep apnea and other sleep disorders, and also due to the rise of home studies, which have increased from 0% of studies performed in FY2011, to 6% of studies in FY2012, to 21% of studies in FY2013. It is no longer necessary or an effective use of resources to maintain both the Danbury and Southbury sites of care in our service area.

Location	FY2010	FY2011	FY2012	FY2013	CFY (2 months)
Danbury – Home Studies	--	--	81	244	78
Danbury – In Lab Studies	1,567	1,267	1,118	821	143
Southbury – In Lab Studies	229	187	218	81	0*
TOTAL	1,796	1,454	1,417	1,146	221
Projected FY2014 with CON					1,110
% change		-19.0%	-2.5%	-19.1%	-3.1%
% attributed to Home Studies	0%	0%	6%	21%	35%
% attributed to In Lab Studies	100%	100%	94%	79%	65%

* Scheduling patients in the Southbury location has not occurred due to staffing vacancies. All patient requests have been accommodated at alternate program sites in the short-term. Recruitment is on hold pending outcome of CON.

In FY2013, approximately 95% of the patient volume at the Southbury location was referred by a member of the affiliated medical staff.

Combining the last 3-years of activity, 95% of the volumes of patients seen at the Southbury location are from 12-towns, including the town of Southbury (27.1%) and 11 adjacent towns (67.7%).

TOWN	FY 2011 % Total	FY2012 % Total	FY2013 % Total	3 year % Total
Southbury	27.9%	24.3%	32.9%	27.1%
Newtown	16.4%	16.5%	10.1%	15.4%
Sandy Hook	7.1%	8.7%	6.3%	7.7%
Woodbury	3.3%	7.3%	8.9%	6.0%
Waterbury	3.8%	1.8%	3.8%	2.9%
Middlebury	1.1%	3.2%	1.3%	2.1%
Bridgewater	3.3%	0.9%	1.3%	1.9%
Oxford	2.2%	2.3%		1.9%
Naugatuck	3.3%	0.9%		1.7%
Watertown	2.7%	1.4%		1.7%
Oakville		2.3%	2.5%	1.5%
Seymour	0.5%	0.9%		0.4%
Subtotal	**93.4%**	**96.8%**	**93.7%**	**94.8%**
Other Towns	6.6%	3.2%	6.3%	5.2%

b. Describe the history of the services proposed for termination, including when they were begun and whether CON authorization was received.

The Southbury Sleep Disorder Center received approval on February 19, 2009 under Docket No. 08-31229-CON. At that time the Hospital selected Southbury as an ancillary site as 12% of the current sleep disorder service patients resided in the proposed area; there were physician practices located in the town; and it was the location of an appropriate hotel to offer the new service. The program projections were conservative, and built to address a significant backlog of scheduling volume at the Hospital site, and there was relatively low financial risk involved if for some reason the projected volumes were not realized.

Over the past three years DH's diagnostic sleep service has experienced a 40.7% decline in volume due to new technology for diagnosing sleep apnea resulting in a rise of home studies. The Southbury program accounts for 7.1% of the Hospital's total volume at both sites. It is no longer an effective use of resources to run operations at both sites of care with limited volumes in our service area. The proposed change will eliminate the duplicative equipment and services at the Southbury location without patient disruption and within the same system and continuum of care.

Notification of the proposed change in site of care due to declining volumes was provided to OHCA on June 27, 2013, followed by a Determination request to OHCA on July 10, 2013. OHCA notified the Hospital on September 6, 2013 that a full CON would be necessary to consolidate the Southbury program with the Danbury program. The Public Notice ran September 18-20, 2013 in the Waterbury Republican-American.

c. Explain in detail the Applicant's rationale for this termination of services, and the process undertaken by the Applicant in making the decision to terminate.

As stated above in response to Q.1.a., there has been a significant decline in FY2013 volume for the Southbury program, along with changes in the practice of sleep medicine. Additionally, only 7.1% of the total outpatient activity is conducted at the Southbury location.

Over the past three years, there has been a cumulative decline of 40.7% in the use of this service overall making it an inefficient use of resources to maintain both the Danbury and Southbury sites of care in our service area. It has not been cost effective to run operations with limited volumes, and as management evaluated the reduction in sleep laboratory volumes, further recognizing an increasing trend nationally toward home studies, a determination was reached to consolidate the two Danbury programs.

d. Did the proposed termination require the vote of the Board of Directors of the Applicant? If so, provide copy of the minutes (excerpted for other unrelated material) for the meeting(s) the proposed termination was discussed and voted.

The determination to consolidate sites of care was a management operational decision that did not require a vote of the Board of Directors.

e. Explain why there is a clear public need for the proposal. Provide evidence that demonstrates this need.

There are three core reasons why there is a clear public need for the Southbury Sleep Disorder program to be consolidated with the DH service in Danbury:

- Diminished in-lab patient volume: Approximately 2 diagnostic sleep studies a week were performed at the Southbury site during FY2013, suggesting an insufficient need for the service to continue to be offered at this location.
- Changing delivery models for sleep studies: Increasing trend toward home studies will continue to negatively impact program volumes. In FY2013, 21% of diagnostic sleep studies were performed as home studies. With a shift from in-lab to home studies expected to continue, it is anticipated there will be a negative impact on future program volumes.
- Inefficient use of resources: It is not fiscally responsible to maintain both the Southbury and Danbury program locations with volume declining.

The need for this relocation is centered on the concept of providing the best possible care for the patient. As stated above in response to Q.1.a., 95% of the volume at the Southbury program comes from 12-towns, including the town of Southbury (27.1%) and 11 adjacent towns (67.7%). The Applicants understand that patients who live in the greater Southbury area will have to travel, but this is within a reasonable distance to the WCHN programs offered in Danbury, CT, and New Milford, CT.

See Exhibit A for *"PRO: Sliding into Home: Portable Sleep Testing is Effective for Diagnosis of Obstructive Sleep Apnea",* from the Journal of Clinical Sleep Medicine, Vol. 9, No.1, 2013.

This article notes that home sleep studies are going to play an increasing role in the practice of sleep medicine, in large part due to changes in insurance practices around its use. Many patients who are seeking evaluations for obstructive sleep apnea (OSA) will first be evaluated in the home setting as a cost-efficient means, and a larger number of patients when not limited to a physical location of a sleep laboratory may be more willing to consider testing in the home environment.

2. Termination's Impact on Patients and Provider Community

a. List all existing providers (name, address, services provided, hours and days of operation, and current utilization) of the services proposed for termination in the towns served by the Applicant, and in nearby towns.

The Applicant proposes to discontinue offering services at the DH Sleep Disorder Center located at the Heritage Hotel in Southbury, CT and consolidate the service with its Danbury location, offered at the Ethan Allen Hotel.

Two other programs can be accessed by residents of Southbury, CT and adjacent towns:

- New Milford Hospital, an affiliate of Danbury Hospital as part of the WCHN, offers a program at 21 Elm Street in New Milford, CT.
- Waterbury Hospital offers a program in Middlebury, CT at 1625 Straits Turnpike, which is a town proximate to Southbury, CT.

b. Discuss what steps the Applicant has undertaken to ensure continued access to the services proposed for termination for the Applicant's patients.

Given that the Danbury sleep lab is only 20 miles from Southbury and the New Milford site is only 14 miles from Southbury and there is capacity at both sites, access will not be an issue once the Southbury site is closed. Communication regarding the consolidation of the two Danbury programs to one location, along with the option of also referring to WCHN's New Milford location will ensure there is access for future patients.

c. For each provider to whom the Applicant proposes to transfer or refer clients, provide the current available capacity, as well as the total capacity and actual utilization for the current year and last completed year.

A capacity analysis of the In Lab Studies shows the following:

	Danbury Hospital		Other Providers	
Program Capacity	**Southbury**	**Danbury**	**New Milford (WCHN Affiliate)**	**Other**
Beds	2	4	4	
Days per Week	3	7	2	
Days of Operation	153	357	102	
Current Capacity	306	1,428	408	
FY2013 Volume	**81**	**821**	204	
FY2013 Capacity (% utilization)	**26%**	**57%**	50%	Unable to determine
FY2014 Projected Volume	n/a	664	200	Unknown
Studies Moved from Southbury	(81)	54	20	7
Net Volume	n/a	718	220	Unknown
Projected Capacity	0%	50%	54%	Unable to determine

We anticipate continued shifts of In Lab studies to home based studies in FY2014.

d. Identify any special populations that utilize the services and explain how these clients will continue to access this service after the service location closes.

There are no special populations to be accommodated with this proposed change; all patients can continue to be referred for diagnostic sleep studies by their physicians.

e. Provide evidence (e.g. written agreements or memorandum of understanding) that other providers in the area are willing and able to absorb the displaced patients.

As demonstrated above, two of the providers in the area are part of WCHN and both have sufficient capacity to accommodate the patients who previously would have used the Southbury site.

f. Describe how clients will be notified about the termination and transferred to other providers.

Outpatient tests performed at the Sleep Disorder program are diagnostic in nature. Patients are referred by a member of the medical staff and followed for care by those physicians. This relationship will not change for patients and they will not need to have their care transferred to another provider.

3. Actual and Projected Volume

a. Provide volumes for the most recently completed FY by town.

81 patients were treated at the Southbury Sleep Disorder program during FY2013:

CITY	2013
SOUTHBURY	28
NEWTOWN	8
WOODBURY	7
BROOKFIELD	6
SANDY HOOK	5
NEW MILFORD	4
DANBURY	3
WATERBURY	3
NEW FAIRFIELD	3
RIDGEFIELD	2
OAKVILLE	2
REDDING	2
BETHEL	1
MIDDLEBURY	1
BRIDGEWATER	1
EASTON	1
BOTSFORD	1
CHICOPEE	1
KENSINGTON	1
WEST MILFORD	1

b. Complete the following table for the past three fiscal years ("FY") and current fiscal year ("CFY"), for both number of visits and number of admissions, by service.

Table 1: Historical and Current Visits & Admissions

Location	FY2010	FY2011	FY2012	FY2013	CFY (2 months)
Danbury – Home Studies	--	--	81	244	78
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Southbury – In Lab Studies	229	187	218	81	0*
TOTAL	1,796	1,454	1,417	1,146	221
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% attributed to In Lab Studies	100%	100%	94%	79%	65%

* Scheduling patients in the Southbury location has not occurred due to staffing vacancies. All patient requests have been accommodated at alternate program sites in the short-term. Recruitment is on hold pending outcome of CON.

c. Explain any increases and/or decreases in volume seen in the tables above.

The table above reflects decreasing volume overall from FY2010 to FY2013. In addition to this decrease however, there is a notable increase from FY2012 to FY2013 in the percentage of home studies performed versus In Lab studies. Based on national projections by the American Academy of Sleep Medicine, this trend is expected to continue and increase up to approximately 40% in the next year.

d. For DMHAS-funded programs only, provide a report that provides the following information for the last three full FYs and the current FY to-date:
   i. Average daily census;
   ii. Number of clients on the last day of the month;
   iii. Number of clients admitted during the month; and
   iv. Number of clients discharged during the month.

Not applicable.

4. Quality Measures

a. Submit a list of all key professional, administrative, clinical, and direct service personnel related to the proposal. Attach a copy of their Curriculum Vitae.

See Exhibit B for Curriculum Vitae for the following individuals:

- Jose Mendez, MD, Medical Director, Sleep Disorders Center, WCHN
- Debra Carragher, VP of Operations, DH

b. Explain how the proposal contributes to the quality of health care delivery in the region.

This proposal contributes to the quality of health care through efficient use of clinical resources. WCHN has two other sites of care (Ethan Allen Hotel, Danbury, CT and New Milford Hospital (WCHN Affiliate), New Milford, CT) for provision of diagnostic sleep studies (in addition to Southbury). Both of those facilities are accredited by the American Academy of Sleep Medicine; see Exhibit C for their certification status. The DH Sleep Disorders Center has also been granted Out of Center Sleep Testing (OCST) accreditation for the remainder of its current facility accreditation period that expires March 29, 2015.

c. Identify when the Applicants' funding and/or licensing agencies (e.g. DPH, DMHAS) were notified of the proposed termination, and when the Applicants' licenses will be returned.

Appropriate notifications regarding this program site are pending the conclusion of the CON process.

5. Organizational and Financial Information

a. Identify the Applicant's ownership type(s) (e.g. Corporation, PC, LLC, etc.).

DH is a non-stock corporation whose sole member is Western Connecticut Health Network, Inc.

b. Does the Applicant have non-profit status?
☒ Yes (Provide documentation) ☐ No

c. Financial Statements

i. If the Applicant is a Connecticut hospital: Pursuant to Section 19a-644, C.G.S., each hospital licensed by the Department of Public Health is required to file with OHCA copies of the hospital's audited financial statements. If the hospital has filed its most recently completed fiscal year audited financial statements, the hospital may reference that filing for this proposal.

DH has filed its most recently completed fiscal year audited statements with OHCA.

ii. If the Applicant is not a Connecticut hospital (other health care facilities): Audited financial statements for the most recently completed fiscal year. If audited financial statements do not exist, in lieu of audited financial statements, provide other financial documentation (e.g. unaudited balance sheet, statement of operations, tax return, or other set of books.)

Not applicable.

d. Submit a final version of all capital expenditures/costs.

Not applicable.

e. List all funding or financing sources for the proposal and the dollar amount of each. Provide applicable details such as interest rate; term; monthly payment; pledges and funds received to date; letter of interest or approval from a lending institution.

Not applicable.

f. Demonstrate how this proposal will affect the financial strength of the state's health care system.

The financial strength of the state's health care system is directly related to the strength of its providers. Providers must position their organizations to succeed in an uncertain and changing reimbursement environment. For WCHN, the ability to consolidate its outpatient diagnostic sleep program offerings while still meeting the needs of its communities will enable the organization to drive cost-efficiencies.

6. Financial Attachments I & II

a. Provide a summary of revenue, expense, and volume statistics, without the CON project, incremental to the CON project, and with the CON project. **Complete Financial Attachment I.** (Note that the actual results for the fiscal year reported in the first column must agree with the Applicant's audited financial statements.) The projections must include the first three full fiscal years of the project.

b. Provide a three year projection of incremental revenue, expense, and volume statistics attributable to the proposal by payer. **Complete Financial Attachment II.** The projections must include the first three full fiscal years of the project.

c. Provide the assumptions utilized in developing **both Financial Attachments I and II** (e.g., full-time equivalents, volume statistics, other expenses, revenue and expense % increases, project commencement of operation date, etc.).

See Exhibit D for Financial Attachment I, II and Assumptions.

d. Provide documentation or the basis to support the proposed rates for each of the FYs as reported in Financial Attachment II. Provide a copy of the rate schedule for the proposed service(s).

Not applicable.

e. Was the Applicant being reimbursed by payers for these services? Did reimbursement levels enter into the determination to terminate?

Danbury Hospital is reimbursed by various payers for its sleep services. Reimbursement levels have not impact the request to consolidate sites of care..

f. Provide the minimum number of units required to show an incremental gain from operations for each fiscal year.

Not applicable.

g. Explain any projected incremental losses from operations contained in the financial projections that result from the implementation and operation of the CON proposal.

Not applicable.

h. Describe how this proposal is cost effective.

For WCHN, the ability to consolidate its outpatient diagnostic sleep program offerings while still meeting the needs of its communities will enable the organization to drive cost-efficiencies. This proposal eliminates unnecessary operating costs related to running a second location as volume has diminished.

Exhibit A

Journal of Clinical Sleep Medicine, Vol. 9, No.1, 2013

PRO/CON DEBATE

ANALYSIS AND PERSPECTIVES

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PRO: Sliding into Home: Portable Sleep Testing Is Effective for Diagnosis of Obstructive Sleep Apnea

Douglas B. Kirsch, M.D., F.A.A.S.M.

Clinical Instructor, Harvard Medical School, Regional Medical Director, Sleep HealthCenters, Brighton, MA

Whether you call it home sleep testing (HST), out of center sleep testing, portable monitoring, or something else, the debate about the use of medical devices to assess patients for obstructive sleep apnea outside the sleep laboratory setting has been ongoing for almost 20 years. In the last few years, the discussion has intensified as many United States-based insurance providers, including the government-run Center for Medicare and Medicaid Services (CMS), have approved the use of these devices for diagnosis of obstructive sleep apnea (OSA).[1] This article will briefly review the epidemic of OSA, the history of home sleep testing, and the reasons that home sleep testing is likely to play an increasingly large role in the practice of sleep medicine in the next several years.

Obstructive Sleep Apnea (OSA)

The medical community has been increasingly aware of sleep disorders over the last several years, and in particular, OSA evaluations have been occurring at an increasing rate; CMS data demonstrates that payments for polysomnography alone increased from $62 million in 2001 to $235 million in 2009.[2] These payments do not include the cost of medical consultations or the treatments for these patients. This 4-fold increase over 8 years may be explained by several factors: increasing availability for testing as sleep medicine has grown as a field (more than 2,000 centers were listed as accredited by the American Academy of Sleep Medicine in 2010),[3] the worsening epidemic of obesity in the United States (in 2010, no state had a prevalence of obesity [defined by a BMI of 30] < 20%; 12 of these states had a prevalence ≥ 30%),[4] and increasing knowledge that untreated OSA has medical and societal consequences (such as the potential to increase the risk of motor vehicle crashes, morbidity, and mortality).[5,6] Though the total amount of money used for polysomnography is small on a percentage basis when looking at the budget for CMS, it is probable that the rate of increase was particularly of concern. In the current US budget climate, many methods for reducing cost while maintaining quality were reviewed, including procedures for OSA diagnosis.

Home Sleep Testing and Auto-titrating Positive Airway Pressure (PAP) Therapy

Studying sleep objectively has generally required a laboratory, given the large amount of signals needed for a full polysomnogram (EEG, respiratory parameters, leg/chin movements, EKG, oxygen saturation), as well as the amplifiers, output methods (in recent years, computers), and technical staff. A diagnosis for OSA is typically given when a patient has an apnea-hypopnea index (AHI) ≥ 15 events/h, or an AHI ≥ 5 associated with sleep symptoms or medical disorders.[7] OSA is a relatively common disorder (data from 1993 suggests that 4% of middle-aged men and 2% of middle-aged women have the disorder[8]), and it is one of the most commonly diagnosed problems in a sleep laboratory. As well, sleep laboratories are typically localized to sites with larger populations, making testing of scattered or rural populations more difficult. Thus, portable methods have been evaluated for diagnosis of OSA.

Testing for OSA in the home only solves half of the problem. Prior to the last few years, after a diagnosis of OSA was made, an attended in-laboratory PAP titration study was also necessary to ensure the appropriate pressure was chosen for treatment. At times, both a diagnostic study and a titration study were performed in the same night as a "split-night" protocol. However, the creation, validation, and clinical use of the auto-titrating PAP device minimizes the need for an in-laboratory titration study. While there are still some lingering questions regarding the equivalence of continuous use of auto-titrating PAP therapy and standard PAP therapy, the algorithm of HST for diagnosis and auto-titrating PAP for treatment clearly allows for cost-effective patient management.

The History of Home Sleep Testing

Scarce data about home sleep testing in the early 1990s limited the use of the devices on a larger scale. A review was performed by the American Sleep Disorders Association (a precursor to the American Academy of Sleep Medicine) in 1994,[9] which suggested that home sleep testing be used only in the following situations:

1. Patients with severe symptoms or when treatment is urgent and PSG is not readily available
2. Patients unable to be studied in the laboratory
3. Follow-up study after diagnosis established by polysomnography to evaluate response to therapy

A repeated review in 1997 repeated those recommendations, suggesting that there was not enough validated data for unattended use of home sleep testing devices.[10] A Tri-Society (formed of the American Academy of Sleep Medicine, American Thoracic Society, and the American College of Chest

Physicians) Practice Parameter in 2003 stated that type 3 studies (limited channel home sleep tests) were acceptable in the *attended* setting, but that these testing methods were not recommended in unattended settings, for general screening, or for patients with comorbid conditions.[11]

An AHRQ (Agency for Healthcare Research and Quality) task force performed a technology assessment in 2007, this time with additional data from newer studies and a different viewpoint.[12] Not only did they compare baseline AHI on an in-laboratory polysomnogram to the AHI from a HST, but also they recognized that AHI data did not support that a precise AHI predicted PAP use. Thus, they evaluated outcomes of positive pressure use comparing patients who had been tested in and out of the laboratory. The major findings:

1. Type 3 home testing devices have the ability to predict AHI suggestive of OSA with high positive likelihood ratios and low negative likelihood ratios, particularly when manual scoring is employed.
2. For people with a high probability of OSA, use of laboratory-based PSG does not result in better outcomes over an ambulatory approach in terms of diagnosis and PAP titration

Studies from the last 4-5 years have examined the outcomes from home testing algorithms versus standard in-laboratory polysomnography. One of the pivotal studies used by CMS as evidence for approving HSTs was Mulgrew et al. in 2007, which demonstrated that in subjects with high pre-test probability of obstructive sleep apnea (demonstrated by oximetry and questionnaire), an ambulatory approach (portable monitoring and auto-titrating positive pressure titration) was at least equivalent to in-laboratory testing in terms of adherence of positive pressure therapy and resolution of sleep apnea symptoms after 3 months.[13] One year later, Berry et al. examined 106 Veterans Administration Medical Center (VAMC) patients with excessive daytime sleepiness and a high risk of OSA and randomized them to either portable monitoring with a 2-3 day titration via auto-titrating positive pressure therapy or in-laboratory polysomnography. Both groups were then placed on standard CPAP with no difference in adherence rates to CPAP or improvement in sleep symptoms after 6 weeks.[14] The study of Kuna et al., published in 2011, evaluated 260 VAMC patients and demonstrated that a home testing pathway was not inferior to a laboratory-based pathway for treatment of OSA. Lastly, the 2012 HomePAP study by Rosen et al., assessed 373 subjects, testing the utility of an integrated clinical pathway for obstructive sleep apnea (OSA) diagnosis and continuous positive airway pressure (CPAP) treatment using portable monitoring devices. The findings determined that there was clinical equivalence between the pathways from a standpoint of PAP adherence (in fact, PAP adherence was higher in the ambulatory group) and that a cost analysis favored the ambulatory approach.[15]

Home Sleep Testing: What Is It?

At the heart of home sleep testing is the ability to accurately make a correct diagnosis of OSA while minimizing false positives and false negatives. Most devices will rely on 3 primary signals to assess a patient's sleep-disordered breathing:

1. Airflow (nasal-oral thermistor, nasal pressure, or preferably both),
2. Respiratory effort (ideally with respiratory inductance plethysmography)
3. Oximetry (with a standard maximum signal averaging time $\leq$ 3 sec at a heart rate $\geq$ 80 beats per minute)

Additional factors on home testing devices may include cardiovascular measurements (such as pulse rate or rhythm strips), positional monitoring, and measurement of sleep time. There are several devices which use alternative metrics: venous pulsation substituting for respiratory effort (ARES device, currently under FDA review), arterial tonometry instead of nasal airflow and respiratory effort (WatchPAT), or the analysis of EKG rhythms as a surrogate for respiratory channels.

A home testing device should be validated against in-laboratory polysomnography to ensure that it functions at an adequate level. The American Academy of Sleep Medicine constructed a technology evaluation in 2011, updating their 2007 Clinical Guidelines paper.[16,17] The 2011 paper suggested that an out of center testing device should have a positive likelihood ratio (LR+) $\geq$ 5 coinciding with an in-lab- polysomnography (PSG)-generated apnea hypopnea index (AHI) $\geq$ 5, and an adequate sensitivity ($\geq$ 0.825). A review of many of the currently available devices can be found in this 2011 article.

Home sleep testing though generally effective, has some important limitations. Many portable tests underestimate OSA severity because of the differences in methods to detect obstructive events and amount of sleep. The numerator of the AHI (respiratory events) is lower for a portable test than an in-laboratory test, as subtle sleep-disordered breathing not as easily identified as it would on an in-laboratory test because of the inability to detect arousal-related events. Also, the denominator (time) is larger with portable tests because recording time is assessed rather than sleep time (EEG signal for sleep scoring is not available in many home testing devices). As well, many devices are prone to artifact and have a failure rate that ranges from 3% to 18% depending on study and device.[17]

Why Home Sleep Testing Is Here Now and Why It Might Not Be All Bad?

At this point in time, HSTs are going to play an increasing role in the practice of Sleep Medicine. That is in large part due to the changes in insurance practices around the use of HST. In the northeastern United States, particularly in Massachusetts, prior authorization programs run by utilization management companies have begun to proliferate, shunting many patients from the sleep laboratories and into home testing. Though these programs have not clearly been built exactly on the existing 2007 Practice Parameters from the AASM, it is clear that many patients who are seeking evaluations for OSA will be first evaluated in the home setting; one utilization management company's (American Imaging Management) estimate is as high as 70%.[18] Clearly, the view of these insurance companies is that money will be saved in this process as a home sleep study costs about $200-$300, whereas a sleep study may be $800 and up. Other health insurance companies, such as Aetna and United, have begun utilization management programs applying prior authorization protocols on a national level. Home sleep testing cannot be replaced back into Pandora's box.

Though viewed with much suspicion by some sleep practitioners, HSTs may actually help the field of Sleep Medicine. Certainly, adopting this method of evaluation will result in many changes in physician habits and sleep laboratories. However, as we adjust our practice styles to the new world ahead of us, we may reach a larger number of patients when not limited to a physical location of a sleep laboratory. Patients who might be intimidated by an in-laboratory test may be more willing to consider testing in the home environment. Pre-surgical sleep testing with portable sleep monitors may become a more practical method of patient assessment. Large-deductible insurance programs are proliferating as businesses try to rein in costs, and in a struggling economy, patients may see an expensive in-laboratory test as an unnecessary expense but might view a home sleep test as a more economical option. In order to maintain the cost-effectiveness of use of home studies and promote better adherence to PAP therapy, many insurance programs are limiting testing and interpretation to qualified, high-quality providers. This system provides an opportunity for sleep specialists with comprehensive management and treatment programs to increase the number of patients directed their way.

Essential Points

1. Limited channel testing outside the sleep laboratory can appropriately diagnose OSA in patients with high pre-test probability for OSA
2. Portable monitoring appears to be a cost-efficient diagnostic measure at a time when medical costs are being closely scrutinized
3. In combination with auto-titrating PAP and with proper standards for use, testing and treatment of OSA may be done outside of the laboratory setting.

Closing

Regardless of your personal viewpoint on home testing, all sleep medicine clinicians should begin to evaluate their practices, assessing how they might integrate home sleep testing. Developing a reasonable home testing plan will likely involve several steps: becoming familiar with the HST devices and each device's pros and cons, learning how to interpret these studies carefully and appropriately, and finally, developing a business plan for your centers, which may include shrinking the size of the physical sleep laboratory. Many coaches say that preparation is the key to victory; for the field of sleep medicine to continue to be successful, we will have to organize and adapt to new circumstances.

CITATION

Kirsch DB. Pro: Sliding into home: portable sleep testing is effective for diagnosis of obstructive sleep apnea. *J Clin Sleep Med* 2013;9(1):5-7.

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2. http://oig.hhs.gov/publications/workplan/2011/FY11_WorkPlan-All.pdf (Accessed 7/1/12)
3. http://www.aasmnet.org/articles.aspx?id=1728 (Accessed 7/1/12)
4. http://www.cdc.gov/obesity/data/adult.html/ (Accessed 7/1/12)
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18. http://www.npr.org/blogs/health/2012/01/16/145182935/the-sleep-apnea-business-is-booming-and-insurers-arent-happy (Accessed 8/30/12)

SUBMISSION & CORRESPONDENCE INFORMATION

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Address correspondence to: Douglas B. Kirsch, M.D., 1505 Commonwealth Ave., 5th Floor, Sleep HealthCenters, Brighton, MA 02135; Tel: (617) 783-1441; Fax: (781) 430 5881; E-mail: Doug_Kirsch@sleephealth.com

DISCLOSURE STATEMENT

Dr. Kirsch has indicated no financial conflicts of interest.

Exhibit B

Curriculum Vitae:

Jose Mendez, MD
Debra Carragher

Curriculum Vitae

Jose Luis Mendez, MD

CONTACT INFORMATION:

Western Connecticut Medical Group, P.C.
Pulmonary & Sleep Specialists
33 Germantown
Danbury, CT 06810
WesternConnecticutMedicalGroup.org
Work: 203-739-7070
Mobile: 203-739-8128
Fax: 203-739-8131
jose.mendez@wchn.org

MEDICAL SCHOOL AND ACADEMIC HONORS:

03/1989 - 12/1994	M.D., National University of Córdoba. Argentina.
	4th Best GPA, class of 1994.

POST GRADUATE TRAINING:

Internships/Residencies:

Internal Medicine

07/01/1999 - 06/30/2002	Yale University School of Medicine. Danbury Hospital, Danbury CT.
05/01/1995 - 04/30/1999	Fundacion para el Progreso de la Medicina and Hospital Privado Centro Médico Córdoba. National University of Cordoba. Argentina.

ACADEMIC APPOINTMENTS:

Assistant Professor of Medicine, New York Medical College
Assistant Professor of Medicine, University of Vermont.

HOSPITAL APPOINTMENTS:

07/2006 - Present	Western Connecticut Medical Group, P.C., Pulmonary, Critical Care.

BOARD CERTIFICATIONS:

Sleep Medicine	Certified 11/15/2007, Certificate valid through 12/31/2017
Critical Care Medicine	Certified 11/08/2006, Certificate valid through 12/31/2016
Pulmonary Disease	Certified 11/15/2005, Certificate valid through 12/31/2015
Internal Medicine	Certified 08/20/2002 and 10/16/2012, Certificate valid through 12/31/2022

FELLOWSHIPS, AWARDS, GRANTS AND CONTRACTS:

Fellowships:

07/02/2005 - 06/27/2006	Sleep Medicine, Mayo Graduate School of Medicine, Mayo Clinic, Rochester, MN.
06/29/2002 - 07/01/2005	Pulmonary and Critical Care Medicine, Mayo Graduate School of Medicine, Mayo Clinic, Rochester, MN.

Awards:

10/2003	Young Investigator Award. CHEST Foundation.
2001–2002	Resident of the Year Award. Danbury Hospital.
1999	Intern of the Year Award. Danbury Hospital.

LICENSURE:

2006 - Present	State of Connecticut # 043755

PROFESSIONAL SOCIETY MEMBERSHIPS:

American Academy Sleep Medicine (AASM)
American Thoracic Society (ATS)
American College of Chest Physicians (ACCP)

ADMINISTRATIVE RESPONSIBLITIES:

04/2008 Medical Director - Western Connecticut Health Network - Sleep Disorders Center.

BIBLIOGRAPHY:

Publications in peer-reviewed journals:

1- Mendez JL, Olson E. Obstructive sleep apnea syndrome part 1: Identifying the problem. *The Journal of Respiratory Diseases* 2006; 27(4): 144-152.

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Book Chapters:

1- Mendez JL, Gracey DR Painful Disorders of the Respiratory System. In: Waldman DS, ed. Pain Management.1st ed. Philadelphia, PA: Elsevier, 2004: 693-715.

2- Mendez JL, Kotagal S. Diagnostic Tools for Hypersomnias. Chapter 21, pages 265-276. In: Kushida CA. ed. 2nd ed. Handbook of Sleep Disorder. 2009; Informa Healthcare, 52 Vanderbilt Avenue, New York, NY 10017.

Publications in non peer-reviewed journals:

1- Mendez JL, Ruiz Lascano A Dermatological findings in patients admitted to a medical service. *Experiencia Médica Hospital Privado* 1997; 15, 46-47.

2- Mendez JL, Paganini M Extra pulmonary tuberculosis: presentation of two cases and review of the literature. *Experiencia Médica Hospital Privado* 1997; 15: 176-184.

National presentations:

1- 06/2006 APSS 20th Annual Meeting: Jose L Mendez, Timothy I Morgenthaler. Characterization of Breathing Patterns in Patients with "Complex" Sleep Apnea Syndrome.

2- 2004 ACCP, Jose L. Mendez, Jeffrey T Rabatin, and Stephen D. Cassivi. Bilateral pulmonary nodules in a welder with a 90 pack-year history of smoking.

3- 2004 ACCP, Jose L. Mendez, Sujay Bangarulingam, Jeffrey T. Rabatin, Saqib I. Dara, and Bekele Afessa. How frequently do we perform spontaneous breathing trials (SBT) and rapid shallow breathing (RSBI) maneuvers in our ventilated patients?

Scientific Exhibitions:

1- ATS 2005, Mendez JL, Rickman O, and Humbmayr, R. Effects of Hyperosmolar Solutions in a Rat Model of Ventilator Induced Lung Injury.

2- ATS 2004, Mendez JL, Nadrous HF, Hartman TE, Ryu JH: Chronic Nitrofurantoin Lung Toxicity: High Resolution Computed Tomography Characteristics.

3- The LAM Foundation Research conference 2004, Almoosa KF, Mendez JL, Huggins JT, Coutinho M, Byrnes S, Sullivan E, Ryu JH, Bar-Ziv P, Maurer J, McCormack FX, Shan S: Pneumothorax in Lymphangiomyomatosis.

4- ACCP 2003, Mendez JL, Nadrous H, Vassallo R, Decker PA, and Ryu, JH: Pneumothorax in pulmonary Langerhans's cell histiocytosis.

5- ATS 2003, Nadrous, HF, Ashton RW, Mendez JL, Prakash UB, Brutinel WM, N Sabri NA. Non-Malignant Neoplasms of the Tracheobronchial Tree.

6- Annual Joseph Belsky, Research Day, Danbury Hospital, 2000-2002:

   a. Adsuar N, Mendez JL, Garzon R, Trow T, Blanchette, H: Jugular and subclavian vein thrombosis and pulmonary embolism associated with ovarian hyper stimulation syndrome (OHSS) after treatment with recombinant follicle-stimulating hormone.
   b. Mindru C, Mendez JL, and Fiorito J: Colonic ischemia associated with hemolytic uremic syndrome.
   c. Mendez JL, Mindru C, Merino P, Iannini PB, Singer M, Draper TF: A case report of Mycobacterium Tuberculosis cervical lymphadenopathy.
   d. Artiles Cesar, Siqueiros Alan, Butler Amber, McNerney Jennifer, Petrini Joann, Mendez Jose: Platelet Response to Aspirin in Patients with Moderate Obstructive Sleep Apnea before and After Positive Airway Pressure Therapy.

7- American College of Physicians, American Society of Internal Medicine. Connecticut Chapter. Spring Scientific Session, 2000.

a. Mendez JL, Walker M, Sieber S, and Oelberg D: Osteomyelitis and Para spinal abscess associated with tuberculous empyema. Medicine, pulmonary, surgery, pathology and laboratory departments, Danbury Hospital.
b. Mendez JL, Kotch A: Pi null (Pi^-) variant of alpha-1-antitrypsin deficiency. Medicine and pulmonary departments. Danbury Hospital.

8- Annual scientific session of the Society of Internal Medicine. Argentina.

a. Mendez JL, Ruiz Lascano A: Erythema multiforme and Stevens-Johnson syndrome. Departments of Medicine and Dermatology. Hospital Privado.
b. Mendez JL: Spontaneous coronary artery dissection. A case of cystic medial necrosis, Erdheim's disease. Departments of Medicine and Cardiology. Hospital Privado.
c. Mendez JL: Transesophageal echocardiography for the diagnosis of bacterial endocarditis. Experience of a community hospital. Departments of Medicine and Cardiology. Hospital Privado.

Curriculum Vitae

Debra Turcotte Carragher

Professional Experience

Vice President Operations – Danbury Hospital, Western Connecticut Health Network, Danbury, CT – 2011 to Present

- Responsible for Medical Education and Research , the Cardiovascular, Radiology, Laboratory and Women's and Children's Service Lines, and The Emergency and Behavioral Health Departments
- Manage average annual capital budget of $4.1M for surgery and medicine service lines
- Provide senior level oversight of 5 Directors and a staff of 300 FTEs
- Collaborate in partnerships with Chairmen and Physician Executives for the Service Lines
- Lead physician recruitment efforts and negotiate and execute physician contracts for service lines

Executive Director – Saint Francis Hospital and Medical Center, Hartford, CT - 2002 – 2011

- Directed all administrative activities, including practice operations in the hospital and 20 office locations
- Manage operating budget of $60 million
- Lead physician recruitment efforts and negotiate and execute physician contracts for service lines; including medical billing, coding and compliance and payer credentialing

Director, Division of Health Systems Regulation – CT Department of Public Health, Hartford, CT - 1988 – 2002

- Directed team of 150 employees charged with regulating healthcare facilities and practitioners or the state and federal government
- Conducted Facility investigations, inspections, licensure surveys, license eligibility determinations, practitioner investigations and prosecutions

Other Positions

- Connecticut Department of Public Health – Public Health Services Manager; Health Services Supervisor, Licensure and Registration; Health Board Liaison; Special Investigator

Education

University of Connecticut - Master of Business Administration; concentration in Management and Finance	May 1999
Post Bachelor Coursework; accounting (five courses)	1990-1992
University of Connecticut - Bachelor of Science	May 1987

Professional Organizations

American College of Healthcare Executives
Medical Group Management Association

Exhibit C

Sleep Accreditation:

American Academy of Sleep Medicine

CERTIFICATE OF ACCREDITATION

The American Academy of Sleep Medicine

certifies that

Danbury Hospital Sleep Disorders Center

has been granted center reaccreditation status for five years effective March 9, 2010

attested by:

Clete A. Kushida, MD, PhD, RPSGT
President,
American Academy of Sleep Medicine

Belen Esparis, MD
Chair,
Accreditation Committee

CERTIFICATE OF ACCREDITATION

The American Academy of Sleep Medicine

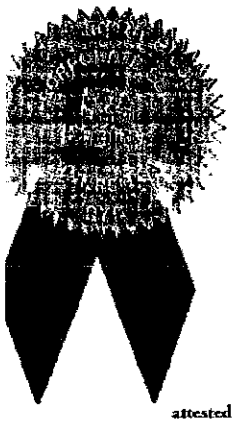
certifies that

Center for Sleep Medicine @ New Milford Hospital

#198780

has been granted center reaccreditation status

for five years effective September 22, 2011



attested by:

Nancy A. Collop

Nancy A. Collop, MD
President,
American Academy of Sleep Medicine

David Kuhlmann

David Kuhlmann, MD
Chair,
Accreditation Committee

Exhibit D

Financial Attachment I, II and Assumptions

Danbury Hospital - Southbury Sleep Lab CON

Question 5a. Financial Attachment I

(Dollars are in thousands)

Total Facility Description	FY2012 Actual Actuals	FY2013 Projected Actuals	FY 2013 Projected Incremental	FY 2013 Projected With CON	FY 2014 Projected Actuals	FY 2014 Projected Incremental	FY 2014 Projected With CON	FY 2015 Projected Actuals	FY 2015 Projected Incremental	FY 2015 Projected With CON	FY 2016 Projected Actuals	FY 2016 Projected Incremental	FY 2016 Projected With CON
NET PATIENT REVENUE													
Non-Government	$295,802	296,960	-	296,960	$309,426	(59)	309,368	$318,214	(61)	318,153	$327,136	(63)	327,073
Medicare	170,804	172,306	-	172,306	$173,721	(7)	173,714	175,161	(7)	175,154	177,543	(7)	177,536
Medicaid and Other Medical Assistance	35,621	37,362	-	37,362	$37,391	(1)	37,389	37,425	(1)	37,424	37,615	(1)	37,614
Other Government	368	325	-	325	325	-	325	325	-	325	325	-	325
Total Net Patient Patient Revenue	$502,423	506,973	$0	506,973	517,885	(67)	517,798	528,125	(69)	$528,056	542,619	(71)	542,547
Other Operating Revenue	$12,127	$11,393	-	$11,393	$11,409	-	$11,409	$10,649	$0	$10,649	$10,644	$0	$10,644
Revenue from Operations	$514,549	$518,366	$0	$518,366	$529,294	($67)	$529,227	$538,774	($69)	$538,705	$553,263	($72)	$553,191
OPERATING EXPENSES													
Salaries and Fringe Benefits	$258,894	$254,095	-	$254,095	$260,083	(29)	$260,054	$266,226	(40)	$266,186	$273,083	(41)	$273,042
Professional / Contracted Services	55,267	55,956	-	55,956	57,067	-	57,067	58,196	-	58,196	59,382	-	59,382
Supplies and Drugs	77,291	80,299	-	80,299	82,708	(6)	82,702	85,189	(6)	85,184	87,745	(6)	87,739
Other Operating Expense	61,098	61,267	-	61,267	61,465	(0)	61,465	60,062	(0)	60,062	60,057	(0)	60,057
Subtotal	$453,550	$451,588	$0	$451,588	$461,324	(35)	$461,289	$469,688	(46)	$469,642	$480,268	(47)	$480,221
Depreciation/Amortization	31,803	31,878	-	31,878	35,126	(5)	35,121	40,876	(5)	40,871	45,330	(5)	45,325
Interest Expense	4,158	3,967	-	3,967	4,837	-	4,837	8,307	-	8,307	8,295	-	8,295
Lease Expense	7,209	7,472	-	7,472	7,621	(90)	7,531	7,773	(90)	7,684	7,928	(91)	7,837
Total Operating Expenses	$492,384	$494,933	$0	$494,933	$508,707	($137)	$508,570	$525,774	(141)	$525,633	$541,804	(143)	$541,659
Gain/(Loss) from Operations	$22,165	$23,433	$0	$23,433	$20,567	$70	$20,637	$13,000	$72	$13,072	$11,460	$73	$11,532
Plus: Non-Operating Income	$24,211	$14,627		$14,627	$14,481	$0	$14,481	$14,336	$0	$14,336	$14,193	$0	$14,193
Income before provision for income taxes	$53,376	$38,060	$0	$38,060	$35,048	$70	$35,118	$27,336	$72	$27,408	$25,653	$73	$25,725
Provision for income taxes			-	$0		$0	$0		$0	$0		$0	$0
Revenue Over/(Under) Expense	$53,376	$38,060	$0	$38,060	$35,048	$70	$35,118	$27,336	$72	$27,408	$25,653	$73	$25,725
FTEs	2,405.1	2,378.5	-	2,378.5	2,378.5	(0.4)	2,378.1	2,378.5	(0.4)	2,378.1	2,378.5	(0.4)	2,378.1
*Volume Statistics: Sleep Studies	1,417	1,148		1,148	1,137	(27)	1,110	1,137	(27)	1,110	1,137	(27)	1,110

Key Ratios:													
Op Margin	5.0%	4.5%		4.5%	3.9%		3.9%	2.4%		2.4%	2.1%		2.1%
Operating EBITDA Margin	12.4%	11.4%		11.4%	11.4%		11.4%	11.2%		11.2%	11.0%		11.0%
Excess Margin	10.2%	7.3%		7.3%	6.6%		6.6%	5.1%		5.1%	4.6%		4.7%

Danbury Hospital - Southbury Sleep Lab CON

(Dollars are in thousands)

Question 6b. Financial Attachment II.
Please provide three years of projections of incremental revenue, expense and volume statistics attributable to the proposal in the following reporting format:

Type of Service Description: **Southbury Sleep Lab**
Type of Unit Description: **Sleep Study**
# of Months in Operation: **12 Months**

FY 2014	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
FY Projected Incremental Total Incremental Expenses:	$70	Rate	Units	Gross Revenue Col. 2 * Col. 3	Allowances/ Deductions	Charity Care	Bad Debt	Net Revenue Col.4 - Col.5 -Col.6 - Col.7	Operating Expenses Col. 1 Total * Col. 4 / Col. 4 Total	Gain/(Loss) from Operations Col. 8 - Col. 9
Total Facility by Payer Category:										
Medicare		4.79	(6)	($31)	(24)	-	-	($7)	($33)	$26
Medicaid		4.79	(1)	($3)	(2)	-	-	(1)	($3)	2
CHAMPUS/TriCare		4.79				-	-	-		-
Total Governmental			(7)	($34)	(26)	$0	$0	($8)	($37)	$28
Commercial Insurers		4.79	(20)	($95)	(33)	(1)	(2)	(59)	($101)	42
Uninsured		4.79	-	$0	-	-	-	-		-
Total NonGovernment			(20)	($95)	(33)	($1)	($2)	($59)	($101)	$42
Total All Payers		4.79	(27)	($129)	($59)	($1)	($2)	($67)	($137)	$70

FY 2015	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
FY Projected Incremental Total Incremental Expenses:	$72	Rate	Units	Gross Revenue Col. 2 * Col. 3	Allowances/ Deductions	Charity Care	Bad Debt	Net Revenue Col.4 - Col.5 -Col.6 - Col.7	Operating Expenses Col. 1 Total * Col. 4 / Col. 4 Total	Gain/(Loss) from Operations Col. 8 - Col. 9
Total Facility by Payer Category:										
Medicare		4.79	(6)	($31)	(24)	-	-	($7)	($34)	$27
Medicaid		4.79	(1)	($3)	(2)	-	-	(1)	(4)	2
CHAMPUS/TriCare		4.79				-	-	-	-	-
Total Governmental			(7)	($34)	($26)	$0	$0	($8)	($37)	$29
Commercial Insurers		4.79	(20)	($95)	(31)	(1)	(2)	(61)	(104)	43
Uninsured		4.79	-	$0	-	-	-	-	-	-
Total NonGovernment			(20)	($95)	(31)	($1)	($2)	($61)	($104)	$43
Total All Payers		4.79	(27)	($129)	($57)	($1)	($2)	($69)	($141)	$72

FY 2016	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
FY Projected Incremental Total Incremental Expenses:	$73	Rate	Units	Gross Revenue Col. 2 * Col. 3	Allowances/ Deductions	Charity Care	Bad Debt	Net Revenue Col.4 - Col.5 -Col.6 - Col.7	Operating Expenses Col. 1 Total * Col. 4 / Col. 4 Total	Gain/(Loss) from Operations Col. 8 - Col. 9
Total Facility by Payer Category:										
Medicare		4.79	(6)	($31)	(24)	-	-	($7)	($35)	$28
Medicaid		4.79	(1)	($3)	(2)	-	-	(1)	($4)	2
CHAMPUS/TriCare		4.79				-	-	-	-	-
Total Governmental			(7)	($34)	($26)	$0	$0	($8)	($38)	$30
Commercial Insurers		4.79	(20)	($95)	(29)	(1)	(2)	(63)	($106)	43
Uninsured		4.79	-	$0	-	-	-	-	-	-
Total NonGovernment			(20)	($95)	($29)	($1)	($2)	($63)	($106)	$43
Total All Payers		4.79	(27)	($129)	($55)	($1)	($2)	($72)	($145)	$73

Danbury Hospital - Southbury Sleep Lab CON

Question 6c. FINANCIAL ASSUMPTIONS

Net Patient Revenue:

Without Project: Determined using historical payment experience
With Project: Same as above adjusted for change in volume

Volume:

Without Project: Assumes 1% decline in sleep volume in FY2014, and flat thereafter. Decline based on historic
With Project: Assumes portion of volume will not be retained by Danbury Hospital but will transition to oth facilities such as New Milford Hospital or other sites

In Lab and Home Studies:	FY13 Volume	Anticipated Shift	
		Danbury Hospital	Other Locations *
Southbury Sleep Studies	81	54	27
Danbury Sleep Studies	1,065	1,056	-
	1,146	1,110	27

*** anticipate approx 20 studies may transition to New Milford Hospital and 7 will be lost to outmigration**

Other Operating Revenue:

Without Project: Based on historical trend
With Project: No impact

Salaries and Fringe Benefits:

Without Project: Based on historic and planned expense combined with inflationary increases.
With Project: Reduction in salary based on change in FTE from closure of site

Professional / Contracted Srvs:

Without Project: Assumes 2% annual increase, based on projected trend
With Project: No impact

Supplies and Drugs:

Without Project: Assumes 3% annual increase, based on historical data combined with inflationary increases
With Project: Based on ave supply per study adjusted for volume impact

Other Op Expense:

Without Project: Based on historic trend
With Project: Same as above

Depreciation:

Without Project: Assumption is based on historic and planned annual capital spending
With Project: Same as above

Interest:

Without Project: Based on current interest of existing debt rolled forward annually.
With Project: No Impact

Lease Expense:

Without Project: Includes a 2% annual increase on expenses
With Project: Represents elimination of rent at Southbury location

FTEs:

Without Project: Based on projected volume with continued productivity improvements
With Project: Reduction in FTE based on proposed closure of site.

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

Office of Health Care Access

January 22, 2014

VIA FAX ONLY

Sally F. Herlihy, FACHE
VP, Planning
The Danbury Hospital
24 Hospital Avenue
Danbury, CT 06810

RE: Certificate of Need Application, Docket Number 13-31879-CON
The Danbury Hospital
Consolidation of Diagnostic Sleep Service including Termination of Southbury, CT location

Dear Ms. Herlihy:

On December 23, 2013, the Office of Health Care Access ("OHCA") received your initial Certificate of Need application filing on behalf of The Danbury Hospital ("Applicant") for the consolidation of Diagnostic Sleep Service including termination of Southbury, CT location, with no associated capital expenditure.

OHCA has reviewed the CON application pursuant to Section 19a-639a(c) and requests the following additional information:

1. Please provide the current utilization (October 1, 2013 – to the present) for in lab and home studies for the Danbury and Southbury locations.

2. Please report the patient/payer mix for the last two fiscal years and the current fiscal year.

3. Please address the following regarding the Applicant's Medicaid population:

    a. Provide evidence as to how the Applicant has demonstrated how this proposal will improve quality, accessibility and cost effectiveness of health care delivery in the region, including but not limited to:

        i. Provision of any change in the access to services for Medicaid recipients and indigent persons, and

ii. The impact upon the cost effectiveness of providing access to services provided under the Medicaid program.

4. Provide the Applicant's past and proposed provision of health care services to relevant patient populations and payer mix, including, but not limited to, access to services by Medicaid recipients and indigent persons.

5. If the Applicant has failed to provide or reduced access to services to Medicaid recipients or indigent persons, demonstrate how the Applicant has done this due to good cause or demonstrate that it was not solely on the basis of differences in reimbursement rates between Medicaid and other health care payers.

6. Has the Applicant considered an alternative to closing the Southbury Facility (e.g., reducing hours, etc.)? Please provide supporting documentation.

7. Please resubmit Financial Attachment I and Financial Attachment II for the Southport location, the copy provided is not legible.

In responding to the questions contained in this letter, please repeat each question before providing your response. Paginate and date your response, i.e., each page in its entirety. Information filed after the initial CON application submission (i.e. completeness response letter, prefile testimony, late file submissions and the like) must be numbered sequentially from the Applicant's document preceding it. Please begin your submission using Page 34 and reference "Docket Number: 13-31879-CON." Submit one (1) original and two (2) hard copies of your response. In addition, please submit a scanned copy of your response, in an Adobe format (.pdf) including all attachments on CD. If available, a copy of the response in MS Word should also be copied to the CD.

Pursuant to Section 19a-639a(c) of the Connecticut General Statutes, you must submit your response to this request for additional information not later than sixty days after the date that this request was transmitted. Therefore, please provide your written responses to OHCA no later than March 22, 2014, otherwise your application will be automatically considered withdrawn. If you have any questions concerning this letter, please feel free to contact me by email or at (860) 418-7035.

Sincerely,

Paolo Fiducia
Associate Health Care Analyst

****
*** TX REPORT ***
****

TRANSMISSION OK

TX/RX NO	3947
RECIPIENT ADDRESS	912037391974
DESTINATION ID	
ST. TIME	01/22 15:27
TIME USE	01'02
PAGES SENT	3
RESULT	OK

STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: SALLY F. HERSHEY

FAX: 12037391974

AGENCY: THE DANBURY HOSPITAL

FROM: PAOLO FIDUCIA

DATE: 01/22/2014 Time: 2:00 pm

NUMBER OF PAGES: 3
(including transmittal sheet

Comments:
13-31879-
CON
Completeness
Letter

PLEASE PHONE IF THERE ARE ANY TRANSMISSION PROBLEMS.

WESTERN CONNECTICUT HEALTH NETWORK
DANBURY HOSPITAL · NEW MILFORD HOSPITAL

24 Hospital Ave.
Danbury, CT 06810

WesternConnecticutHealthNetwork.org
DanburyHospital.org
NewMilfordHospital.org

March 5, 2014

Mr. Paolo Fiducia, Associate Health Care Analyst
Department of Public Health
Office of Health Care Access
410 Capital Avenue: MS # 13 HCA
P.O. Box 340308
Hartford, CT 06134-0308

Re: Responses to CON Completeness Questions, Docket No. 13-31879-CON

Dear Mr. Fiducia,

Enclosed please find Responses on behalf of The Danbury Hospital and Western Connecticut Health Network, Inc. to the Completeness Questions asked by OHCA in a letter dated January 22, 2014 in the above captioned docket. We have included the original and two hard copies of the responses, as well as a CD with an Adobe format (.pdf) of the Responses, and the Financial Attachments I and II (.xlsx).

Please contact me if you have any questions regarding this submission.

Sincerely,

Sally F. Herlihy

Sally F. Herlihy, MBA, FACHE
Vice President, Planning

Enclosure

CON Completeness Questions

Question #1: Please provide the current utilization (October 1, 2013 – the present) for in lab and home studies for Danbury and Southbury locations.

Response:

Location	FY2010	FY2011	FY2012	FY2013	CFY (3 months)
Danbury - Home Studies	0	0	81	244	112
Danbury - In Lab Studies	1,567	1,267	1,118	821	210
Southbury - In Lab Studies	229	187	218	81	0
TOTAL	**1,796**	**1,454**	**1,417**	**1,146**	**322**
Projected FY2014 with CON					1,110
% Change		-19.0%	-2.5%	-19.1%	-3.1%
% attributed to Home Studies	**0%**	**0%**	**6%**	**21%**	**35%**
% attributed to In Lab Studies	**100%**	**100%**	**94%**	**79%**	**65%**

As demonstrated in the chart above, the percentage of in-lab studies continues to decline, while the home studies have grown. Currently, in the Danbury Hospital diagnostic sleep program, over one-third of patients are receiving at home sleep studies.

Question #2: Please report the patient/payer mix for the last two fiscal years and the current fiscal year.

Response:

The payer mix for the Danbury Hospital Sleep program is as follows:

Danbury Location	FY2012	FY2013	FY2014 FP1-3
Medicare	21.6%	21.3%	21.7%
Medicaid	14.3%	17.9%	18.6%
Champus/Tricare	0.1%	0.2%	0.0%
Commercial	63.1%	59.9%	57.8%
Uninsured	0.9%	0.7%	1.6%
Worker's Comp	0.0%	0.1%	0.3%

Southbury Location	FY2012	FY2013	FY2014 FP1-3*
Medicare	31.2%	24.1%	NA
Medicaid	3.2%	2.5%	NA
Champus/Tricare	0.0%	0.0%	NA
Commercial	65.6%	72.2%	NA
Uninsured	0.0%	0.0%	NA
Worker's Comp	0.0%	1.3%	NA

TOTAL Combined	FY2012	FY2013	FY2014 FP1-3
Medicare	23.1%	21.5%	21.7%
Medicaid	12.6%	16.8%	18.6%
Champus/Tricare	0.1%	0.2%	0.0%
Commercial	63.5%	60.7%	57.8%
Uninsured	0.8%	0.6%	1.6%
Worker's Comp	0.0%	0.2%	0.3%

* Scheduling patients in the Southbury location has not occurred due to staffing vacancies. Patient requests are being accommodated at alternate program sites in the short-term. Recruitment is on hold pending outcome of CON.

Question #3: Please address the following regarding the Applicant's Medicaid population:

a. Provide evidence to how the Applicant has demonstrated how this proposal will improve quality accessibility, and cost effectiveness of health care delivery in the region, including but not limited to:

i. Provision of any change in the access to services for Medicaid recipients and indigent persons and

ii. The impact upon the cost effectiveness of providing access to services provided under the Medicaid program.

Response:

Developments in sleep medicine have resulted in a decrease in in-lab sleep studies and an increase in in-home studies. This change is generally considered an improvement in access to sleep studies since patients may be diagnosed while sleeping in their own homes rather than at a facility. In-home sleep studies are also considered more cost effective as the need for space and staffing are significantly reduced.

i. However, the closure of the Southbury sleep laboratory will not change the access to sleep services for Medicaid recipients and indigent persons. These sleep services will continue to be available to the Medicaid population at the Danbury site, which has capacity.

ii. (Through) the consolidation of two existing underutilized programs to one, there will be a reduction in WCHN's overall operating expenses achieved through streamlining program delivery (see Financial Attachment I and II). Moreover, as noted above, Medicaid patients will continue to have access to the other WCHN sleep site in Danbury, which is 20 miles from Southbury. In addition, there are sleep laboratories in adjacent communities which are in close proximity to Southbury (see response to Q.2.a., page 10 of the CON). With the move to in-home sleep studies, there is excess capacity for sleep services in the geographic area.

Question #4: Provide the Applicant's past and proposed provision of health care services to relevant patient populations and payer mix, including but not limited to, access to services by Medicaid recipients and indigent persons.

Response:

Diagnostic sleep services are currently offered by Danbury Hospital in two locations regardless of payer mix. As indicated in the chart provided in response to Question #2 above, the payer mix at the Southbury location in FY 2013 was 2.5% Medicaid, and the Danbury location was 17.9%. With the proposed consolidation, the program will continue to be available for relevant patient populations.

Question#5: If the Applicant has failed to provide or reduced access to services to Medicaid recipients or indigent persons, demonstrate how the Applicant has done this due to good cause or demonstrate that it was not solely on the basis of differences in reimbursement rates between Medicaid and other health care payers.

Response:

There has been no reduction in sleep services to the Medicaid recipient or indigent persons.

Question #6: Has the Applicant considered an alternative to closing the Southbury Facility (e.g. reducing hours, etc.)? Please provide supporting documentation.

Response:

When the application to open the Southbury satellite was filed in December of 2008, the proposal was to establish and operate a four-bed sleep disorder center at the Heritage Hotel in Southbury. Upon approval, the lab opened with two beds, three nights per week with the intention of extending to seven nights per week and ultimately adding two more beds based on utilization. However, two beds for three nights per week were sufficient to support the volume from 2009-2013

With the more recent approval of portable monitoring (home studies) for the diagnosis of obstructive sleep apnea by many United States-based insurance providers (as described in CON Question # 1 (e), and Exhibit A), including the Center for Medicare and Medicaid Services (CMS), volume has shifted from attended studies to home studies. Over the past three years, there has been a cumulative decline of 40.7% in the use of this Danbury Hospital service because of new technology for diagnosing sleep apnea and other sleep disorders. Home studies increased from 0% of studies performed in FY2011, to 6% of studies in FY2012, to 21% of studies in FY2013. It is no longer necessary or an effective use of resources to maintain both the Danbury and Southbury sites for attended studies in our service area.

	FY2010	FY2011	FY2012	FY2013
Danbury	1,567	1,267	1,199	1,065
Southbury	229	187	218	81
TOTAL	1,796	1,454	1,417	1,146
Net Change		-342	-37	-271
% Change		**-19.0%**	**-2.5%**	**-19.1%**
% of Home Studies		**0%**	**6%**	**21%**

As a result of declining volumes, and the costs associated with maintaining the Heritage Hotel for seven nights per week while utilizing the space for only three nights per week, the Southbury sleep laboratory has become a costly operation. This proposal supports a reduction in operating expenses and an efficient use of resources. By promoting awareness to the capacity of the Danbury site and our sleep program at our affiliate partner New Milford Hospital, the Southbury volume could be accommodated and we are confident we can continue to provide the same quality and continuum of care to our patients while eliminating unnecessary overhead costs.

Question #7: Please resubmit Financial Attachment I and Financial Attachment II for the Southbury location, the copy provided is not legible.

Response:

Financial Attachments I and II are provided.

Danbury Hospital - Southbury Sleep Lab CON

Question 6a. Financial Attachment I

(Dollars are in thousands)

Total Facility: / Description	FY2012 Actual Actuals	FY2013 Projected Actuals	FY 2013 Projected Incremental	FY 2013 Projected With CON	FY 2014 Projected Actuals	FY 2014 Projected Incremental	FY 2014 Projected With CON	FY 2015 Projected Actuals	FY 2015 Projected Incremental	FY 2015 Projected With CON	FY 2016 Projected Actuals	FY 2016 Projected Incremental	FY 2016 Projected With CON
NET PATIENT REVENUE													
Non-Government	$295,602	296,980	-	296,980	$306,428	(59)	306,369	$316,214	(61)	316,153	$327,136	(63)	327,073
Medicare	170,634	172,306	-	172,306	$173,721	(7)	173,714	175,161	(7)	175,154	177,543	(7)	177,536
Medicaid and Other Medical Assistance	35,821	37,362	-	37,362	$37,391	(1)	37,389	37,425	(1)	37,424	37,615	(1)	37,614
Other Government	366	325	-	325	325	-	325	325	-	325	325	-	325
Total Net Patient Patient Revenue	$502,423	506,973	$0	506,973	517,865	(67)	517,798	529,125	($69)	$529,056	542,619	($72)	542,547
Other Operating Revenue	$22,127	$11,393	-	$11,393	$11,409	-	$11,409	$10,649	$0	$10,649	$10,644	$0	$10,644
Revenue from Operations	$524,549	$518,366	$0	$518,366	$529,274	($67)	$529,207	$539,774	($69)	$539,705	$553,263	($72)	$553,191
OPERATING EXPENSES													
Salaries and Fringe Benefits	$258,694	$254,095	-	$254,095	$260,093	(39)	$260,054	$266,239	(40)	$266,198	$273,083	(41)	$273,042
Professional / Contracted Services	55,287	55,938	-	55,938	57,057	-	57,057	58,198	-	58,198	59,362	-	59,362
Supplies and Drugs	77,291	80,299	-	80,299	82,708	(6)	82,703	85,189	(6)	85,184	87,745	(6)	87,739
Other Operating Expense	61,088	61,267	-	61,267	61,465	(0)	61,465	60,062	(0)	60,062	60,057	(0)	60,057
Subtotal	$452,359	$451,599	$0	$451,599	$461,324	(45)	$461,279	$469,688	(46)	$469,642	$480,248	(47)	$480,201
Depreciation/Amortization	31,663	31,876	-	31,876	35,126	(5)	35,121	40,976	(5)	40,971	45,332	(6)	45,326
Interest Expense	4,156	3,987	-	3,987	4,637	-	4,637	8,337	-	8,337	8,295	-	8,295
Lease Expense	7,206	7,472	-	7,472	7,621	(88)	7,533	7,773	(90)	7,684	7,929	(91)	7,837
Total Operating Expenses	$495,384	$494,933	$0	$494,933	$508,707	($137)	$508,570	$526,774	(141)	$526,633	$541,804	(145)	$541,659
Gain/(Loss) from Operations	$29,165	$23,433	$0	$23,433	$20,567	$70	$20,637	$13,000	$72	$13,072	$11,460	$73	$11,533
Plus: Non-Operating Income	$24,211	$14,627		$14,627	$14,481	$0	$14,481	$14,336	$0	$14,336	$14,193	$0	$14,193
Income before provision for income taxes	$53,376	$38,060	$0	$38,060	$35,048	$70	$35,118	$27,336	$72	$27,408	$25,652	$73	$25,725
Provision for income taxes			-	$0		$0	$0		$0	$0		$0	$0
Revenue Over/(Under) Expense	$53,376	$38,060	$0	$38,060	$35,048	$70	$35,118	$27,336	$72	$27,408	$25,652	$73	$25,725
FTEs	2,405.1	2,376.5	-	2,376.5	2,376.5	(0.4)	2,376.1	2,376.5	(0.4)	2,376.1	2,376.5	(0.4)	2,376.1
*Volume Statistics: Sleep Studies	1,417	1,146		1,146	1,137	(27)	1,110	1,137	(27)	1,110	1,137	(27)	1,110

Danbury Hospital - Southbury Sleep Lab CON

(Dollars are in thousands)

Question 6b. Financial Attachment II.
Please provide **three** years of projections of incremental revenue, expense and volume statistics **attributable to the proposal** in the following reporting format:

Type of Service Description	Southbury Sleep Lab
Type of Unit Description:	Sleep Study
# of Months in Operation	12 Months

FY 2014 FY Projected Incremental Total Incremental Expenses: $70 Total Facility by Payer Category:	(1)	(2) Rate	(3) Units	(4) Gross Revenue Col. 2 * Col. 3	(5) Allowances/ Deductions	(6) Charity Care	(7) Bad Debt	(8) Net Revenue Col.4 - Col.5 -Col.6 - Col.7	(9) Operating Expenses Col. 1 Total * Col. 4 / Col. 4 Total	(10) Gain/(Loss) from Operations Col. 8 - Col. 9
Medicare		4.79	(6)	($31)	(24)	-	-	($7)	($33)	$26
Medicaid		4.79	(1)	($3)	(2)	-	-	(1)	($3)	2
CHAMPUS/TriCare		4.79				-	-	-		-
Total Governmental			(7)	($34)	(26)	$0	$0	($8)	($37)	$28
Commericial Insurers		4.79	(20)	($95)	(33)	(1)	(2)	(59)	($101)	42
Uninsured		4.79	-	$0	-	-	-	-		-
Total NonGovernment			(20)	($95)	(33)	($1)	($2)	($59)	($101)	$42
Total All Payers		4.79	(27)	($129)	($59)	($1)	($2)	($67)	($137)	$70

FY 2015 FY Projected Incremental Total Incremental Expenses: $72 Total Facility by Payer Category:	(1)	(2) Rate	(3) Units	(4) Gross Revenue Col. 2 * Col. 3	(5) Allowances/ Deductions	(6) Charity Care	(7) Bad Debt	(8) Net Revenue Col.4 - Col.5 -Col.6 - Col.7	(9) Operating Expenses Col. 1 Total * Col. 4 / Col. 4 Total	(10) Gain/(Loss) from Operations Col. 8 - Col. 9
Medicare		4.79	(6)	($31)	(24)	-	-	($7)	($34)	$27
Medicaid		4.79	(1)	($3)	(2)	-	-	(1)	(4)	2
CHAMPUS/TriCare		4.79				-	-	-	-	-
Total Governmental			(7)	($34)	($26)	$0	$0	($8)	($37)	$29
Commericial Insurers		4.79	(20)	($95)	(31)	(1)	(2)	(61)	(104)	43
Uninsured		4.79	-	$0	-	-	-	-	-	-
Total NonGovernment			(20)	($95)	(31)	($1)	($2)	($61)	($104)	$43
Total All Payers		4.79	(27)	($129)	($57)	($1)	($2)	($69)	($141)	$72

FY 2016 FY Projected Incremental Total Incremental Expenses: $73 Total Facility by Payer Category:	(1)	(2) Rate	(3) Units	(4) Gross Revenue Col. 2 * Col. 3	(5) Allowances/ Deductions	(6) Charity Care	(7) Bad Debt	(8) Net Revenue Col.4 - Col.5 -Col.6 - Col.7	(9) Operating Expenses Col. 1 Total * Col. 4 / Col. 4 Total	(10) Gain/(Loss) from Operations Col. 8 - Col. 9
Medicare		4.79	(6)	($31)	(24)	-	-	($7)	($35)	$28
Medicaid		4.79	(1)	($3)	(2)	-	-	(1)	($4)	2
CHAMPUS/TriCare		4.79				-	-	-	-	-
Total Governmental			(7)	($34)	($26)	$0	$0	($8)	($38)	$30
Commericial Insurers		4.79	(20)	($95)	(29)	(1)	(2)	(63)	($106)	43
Uninsured		4.79	-	$0	-	-	-	-	-	-
Total NonGovernment			(20)	($95)	($29)	($1)	($2)	($63)	($106)	$43
Total All Payers		4.79	(27)	($129)	($55)	($1)	($2)	($72)	($145)	$73

Danbury Hospital - Southbury Sleep Lab CON

Question 6c. FINANCIAL ASSUMPTIONS

Net Patient Revenue:

Without Project: Determined using historical payment experience
With Project: Same as above adjusted for change in volume

Volume:

Without Project: Assumes 1% decline in sleep volume in FY2014, and flat thereafter. Decline based on historical trend.
With Project: Assumes portion of volume will not be retained by Danbury Hospital but will transition to other facilities such as New Milford Hospital or other sites

In Lab and Home Studies:	FY13 Volume	Anticipated Shift	
		Danbury Hospital	Other Locations *
Southbury Sleep Studies	81	54	27
Danbury Sleep Studies	1,065	1,056	-
	1,146	1,110	27

*** anticipate approx 20 studies may transition to New Milford Hospital and 7 will be lost to outmigration**

Other Operating Revenue:

Without Project: Based on historical trend
With Project: No impact

Salaries and Fringe Benefits:

Without Project: Based on historic and planned expense combined with inflationary increases.
With Project: Reduction in salary based on change in FTE from closure of site

Professional / Contracted Srvs:

Without Project: Assumes 2% annual increase, based on projected trend
With Project: No Impact

Supplies and Drugs:

Without Project: Assumes 3% annual increase, based on historical data combined with inflationary increases
With Project: Based on ave supply per study adjusted for volume impact

Other Op Expense:

Without Project: Based on historic trend
With Project: Same as above

Depreciation:

Without Project: Assumption is based on historic and planned annual capital spending
With Project: Same as above

Interest:

Without Project: Based on current interest of existing debt rolled forward annually.
With Project: No Impact

Lease Expense:

Without Project: Includes a 2% annual increase on expenses
With Project: Represents elimination of rent at Southbury location

FTEs:

Without Project: Based on projected volume with continued productivity improvements
With Project: Reduction in FTE based on proposed closure of site.

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

Office of Health Care Access

April 4, 2014 VIA FACISIMILE ONLY

Sally F. Herlihy, FACHE
VP, Planning
The Danbury Hospital
24 Hospital Avenue
Danbury, CT 06810

RE: Certificate of Need Application, Docket Number 13-31879-CON
The Danbury Hospital
Consolidation of Diagnostic Sleep Service including Termination of Southbury, CT location
Certificate of Need Application Deemed Complete

Dear Ms. Herlihy,

This letter is to inform you that, pursuant to Section 19a-639a (d) of the Connecticut General Statutes, the Office of Health Care Access has deemed the above-referenced application complete as of April 4, 2014.

If you have any questions regarding this matter, please feel free to contact me at (860) 418-7035.

Sincerely,

Paolo Fiducia
Associate Health Care Analyst

* * * COMMUNICATION RESULT REPORT (APR. 4. 2014 10:42AM) * * *

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STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH CARE ACCESS

FAX SHEET

TO: SALLY F. HERLIHY

FAX: 12037391974

AGENCY: THE DANBURY HOSPITAL

FROM: PAOLO FIDUCIA

DATE: 04/04/2014 **Time:** 10:45 am

NUMBER OF PAGES: 2
(including transmittal sheet

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13-31859-
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Complete
Letter

PLEASE PHONE IF THERE ARE ANY TRANSMISSION PROBLEMS.

Phone: (860) 418-7001 ***Fax: (860) 418-7053***

410 Capitol Ave., MS#13HCA
P.O.Box 340308
Hartford, CT 06134